ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN SEPTEMBER

Economic activity continued at high levels in September. Unemployment remained near the postwar low, incomes were at record levels, and steel output showed a five percent gain over a year ago.

Although the over-all economy held about steady, internal shifts were taking place. Several important lines of business continued to face lagging demand and sizable inventories. Department store sales regained the level of a year ago, after failing to equal booming sales in the third quarter. Inventories remained generally large, in spite of the fact that department stores had cut stocks ten percent since April.

The price level remained virtually unchanged, but sharp changes in individual prices occurred. Prices of such basic materials as cotton, wool, rubber, and tin were well below post-Korean highs; however, these prices were beginning to inch upward again in late summer and early fall. Prices of several major agricultural staples are near support levels. Meanwhile, prices of many metals continue to press against ceilings, some of which have been adjusted upward.

Arms Output Rising

The massive defense program is now turning out war goods in quantity. Nearly $100 billion of military procurement has been programmed and orders for almost half the total have been placed. Through September deliveries amounted to $14 billion and are scheduled to reach a peak of $4 billion per month in the first half of 1953.

Although arms production is mounting, several important bottlenecks are being encountered. Machine tools are not yet available in adequate supply, although output has sharply increased. Metal supply problems have not yet been solved by the Controlled Materials Plan. Other problems involve water supplies for hydro-electric power in the Pacific Northwest (prompting suggestions that aluminum plants be moved to other areas), and a critical shortage of engineers and scientists.

The full impact of the arms program has yet to be registered on the civilian sector of the economy, although restrictions and diversions are beginning to take hold. Consumers have found adequate supplies of most goods available, primarily because of the large inventories accumulated earlier this year. Housing starts have been unexpectedly large; and new plant and equipment outlays have far exceeded those of 1950, although the fourth quarter may lag.

Tax and Foreign Aid Bills Debated

Two important economic measures neared Congressional passage in September. The new tax bill, designed to raise an additional $5.7 billion, increased personal and corporate income tax rates by more than 10 percent, and increased and added excise taxes. Many individuals, however, will be given tax relief in the bill. A few excise taxes are decreased; income-splitting for tax purposes is extended; persons over 65 can deduct all medical expenses; and capital gains from the sale of a residence will not be taxed if put into another house within a year. The new law is expected to trigger new wage demands and to generate further controversy over the general level of taxation.

After months of hearings and debate, a compromise foreign aid bill, authorizing nearly $7.5 billion for military and economic aid, was in its final stages. Of this total, about $6 billion was for weapons and just under $1.5 billion for economic assistance. The final measure contained a provision, however, that some funds may be transferred from military to economic aid in Europe at the President's discretion.

New Economic Crisis in Britain

The new aid program is launched against a backdrop of potential foreign exchange crisis in Great Britain. The sterling area had a net shrinkage of nearly $600 million in gold and dollar reserves during the third quarter of 1951, more than wiping out gains earlier in the year. Large trade deficits with North America, Europe, and Argentina developed just as Marshall Plan aid was tapering off, and the hoped-for tourists influx did not quite materialize.

The Iranian oil crisis resulted in both a stoppage of profits and the necessity of finding new sources of oil imports. Dollar earnings of the dominions and colonies also failed to reach desired heights, as raw material price breaks and sales slumps developed. The sterling area still holds $3.3 billion in gold or dollar reserves, which is $500 million above a year ago and about $2 billion above the 1949 low. The recent shrinkage and prospects of continuing declines have nevertheless made new import restrictions probable.

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Business Trend Points Upward

Business has remained on a comparatively level plateau since the early part of the year. For the past six months the civilian economy has been adjusting — to its own earlier excesses as well as to material shortages and controls — and its adjustments have approximately offset the accelerated upsurge of the military program. Now this period of readjustment is nearing an end.

Factors in the Business Outlook

Military Program. We are currently moving into the period of most rapid advance in armament production. According to Mobilizer Wilson's Third Quarterly Report, deliveries of military goods in the July-September period were at an annual rate of over $20 billion and were scheduled to double in the next year. The peak deliveries now scheduled for the first half of 1953 represent an annual rate of $48 billion. This projected rise is more than sufficient to offset any further declines in the civilian economy.

Private Investment. Business purchases of productive equipment and nonresidential construction are approaching a peak rate of almost $40 billion, and no large decrease in such expenditures is in sight, though some tapering off appears likely next year.

Housing. Residential construction is already down about 30 percent from the rate of nearly $14 billion reached in the summer of 1950, and this decline will probably continue through the first half of 1952 at least.

Consumption. Consumer expenditures dropped back $6½ billion from the high of the first quarter to an annual rate of $202 billion in the second quarter. Durable goods purchases alone fell $5½ billion and further declines in this segment are projected in announced cutbacks in metal supplies. More conservative spending by consumers also produced a $2 billion decrease in nondurable goods purchases but wartime experience suggests that this decline is only temporary. Services advanced $1 billion as a partial offset to these declines. Future advances in nondurable goods and services will probably more than offset further declines in durable goods purchases, making for a moderate advance in total consumer expenditures next year.

Inventories. The decline in consumer buying forced business to hold in inventories goods it had expected to sell. The decline in sales also made large holdings excessive. (See chart, p. 5.) In view of the prospective strength in the economy, over-all holdings do not appear so great as to make liquidation necessary; but further accumulation had to be prevented, and this could be done only by cutting production. The decline on inventory account will probably end soon, and inventory changes seem likely to be more limited in 1952.

Price Level Prospects

The net effect of all these changes will be to push the economy ahead. Even with peace in Korea and some moderate cutbacks in the peak rate of military production, there will be some advance. Nevertheless, the over-all rate of advance called for under present programs is moderate. It appears, in fact, to lie within the limits of our ability to produce, so that it could be achieved without a renewal of inflationary pressure. Then, as the military program approaches a peak toward the end of 1952, a new plateau of stability might be reached.

Such an advance in activity is an almost sure guarantee against any substantial decline in prices. Favorable prospects remove the incentive for price cutting even when moderate declines like those of recent months are taking place. They do not, on the other hand, offer any guarantee against further price advances. Although business seems willing to maintain the price line for the time being, almost any advance could provide a basis for putting prices up. Once present policy is upset by new inflationary developments, pressure might, temporarily at least, become well-nigh irresistible.

Are such developments likely? This is almost equivalent to asking what might happen to intensify war fears. New outbreaks that involve us in heavier military operations will inevitably build new inflationary pressures. Attempts to build up the military program will have the same effect even if no new outbreaks occur. Increasing the armed forces above the present level of 3.5 million, for example, would correspondingly reduce the potential increase in the civilian labor force; and an increase in the armed forces to 5 million would take about all of the labor increment on which we must rely to obtain the increases in production now scheduled.

Furthermore, any important change in the situation could set off a new wave of consumer buying. Consumers have decided to spend less and to save more, for the time being, as they did during World War II. High savings, however, increase potential spending in the future; and savings at the current rate of over $20 billion are high enough to give consumers ample opportunity to maintain expenditures in the face of rising prices or of moderate cuts in income, such as the recent increase in taxes. Recurring needs now dominate the pattern of consumer behavior, but only so long as this holds true will spending stay in line with changes in income.

The danger lies in a substantial departure from this pattern of behavior. If the advance should be accelerated, as at the end of 1950, creating an impression that a policy of conservative spending is mistaken, consumer attitudes could quickly reverse. It is probable that any new rush of anticipatory buying by consumers and business will again prove temporary; but the most important lasting effect of such surges and readjustments is a heightening of insecurity.

No one can tell just when or how any of these unfavorable possibilities might develop. The sheer volatility of the situation suggests that policy should be designed to avoid disturbing the precarious balance in which the economy moves. VLB

GROWTH OF FARM COOPERATIVES

Cooperation has been a part of the American farm scene since the first colonies were settled on the Eastern seaboard. Conditions in the wilderness made it necessary for farmers to take action for mutual protection and to work together in bridging streams, erecting buildings, and harvesting crops. By the nineteenth century their earliest attempts to buy and sell cooperatively had started a movement which has had an important effect on the nation's agricultural economy.

The major types of cooperatives that concern the farmer today are farm marketing and purchasing associations, consumer cooperatives (other than farm supply purchasing organizations), rural electrification cooperatives, credit unions, and insurance associations.

Producer-owned cooperatives were in operation in this country long before the appearance of consumer or purchasing cooperatives. Such agricultural commodities as milk, grain, livestock, fruit, vegetables, poultry, and eggs are commonly sold through marketing cooperatives. They were organized primarily as collective bargaining agents and members leave their products at the creameries, fruit exchanges, and grain elevators to be processed and marketed for the highest price obtainable.

Consumer Cooperatives

Although farmers originally formed cooperatives in order to sell, they are turning more and more to cooperative purchasing through farm supply purchasing organizations and consumer cooperatives which apply the massed buying power of the members to regulate the prices they pay for commodities.

The first consumer cooperative store was started in Rochdale, England, in 1844. The idea caught on and when several stores became well established, they merged to form a wholesale unit controlled and governed by the individual societies. Eventually, increased wholesale volume led to the production of raw materials and the manufacture of commodities to lower prices, a pattern repeated wherever consumer cooperatives have been formed.

The Rochdale principles, or rules for operation, have contributed heavily to the success of the consumer cooperative movement. They form a practical guide to retailing, advising the stores to sell at prevailing market prices, to return any surpluses to the members in ratio to their purchases, and to pay a moderate fixed return to share capital.

An Expanding Movement

Nearly three-fourths of the farm marketing and purchasing associations now in existence were organized in the period between 1910 and 1929. During the 1920's American agricultural prices fell sharply from World War I peaks, while other prices remained relatively high. All through the Middle West farmers started pooling their purchases to get lower prices and selling through cooperatives to raise prices for farm products.

Today the Department of Agriculture estimates that more than half of the farmers in the country regard cooperatives as an essential part of their operations. In addition to marketing and purchasing functions, the Department of Labor estimates that there were 425 cooperative producing plants in the United States in 1949, including farm machinery and fertilizer factories, oil refineries, feed mills, and coal mines.

Membership in the nation's 10,000 marketing and purchasing associations in 1950 totaled 6,600,000, more than double the number in 1940. Volume of business rose from $2 billion in the 1939-40 marketing season to $8.7 billion in 1949-50. The marketing associations' $7 billion volume represented 25 percent of total cash receipts from farm marketing in the United States in 1950.

Illinois Leads in Membership

In 1949-50, Illinois had more members in farmers' marketing and purchasing associations than any other state. During the decade beginning in 1940, Illinois membership increased by almost 270,000 to 583,000. The State ranked third in 1950 in total estimated business, with a volume of $675 million. This represented an increase of 250 percent between 1940 and 1950, compared with a 300 percent rise for the nation as a whole.

Of the 578 Illinois associations in 1950, 169 were farm purchasing organizations and 409 were marketing associations. Of the latter, 65 dealt with dairy products, 240 with grain, 39 with livestock, and 9 with fruits and vegetables. Grain, livestock, and dairy associations together had over 99 percent of the estimated business of marketing associations in Illinois. Livestock groups had the greatest membership, almost half of the total for all marketing associations combined.

Earliest Illinois consumer cooperatives were Grange stores, which in the 1880's were said to be found in half the counties in the State. They failed because they tried to undersell competitors by using cost-plus operations. There were also Grange contract stores for pooled purchases, mail order agencies for combined orders, implement factories, grain elevators, and slaughter houses, but it is believed that by 1890 all the Grange cooperative projects in Illinois were abandoned.

Several other fields of cooperation are also important to the farm population of Illinois. In 1948 Illinois had more members in credit unions than any other state, with 456,000 members in 845 associations. In the same year the State ranked second in number of mutual casualty insurance companies, with 21 firms, and third in mutual fire insurance, with 232 firms.

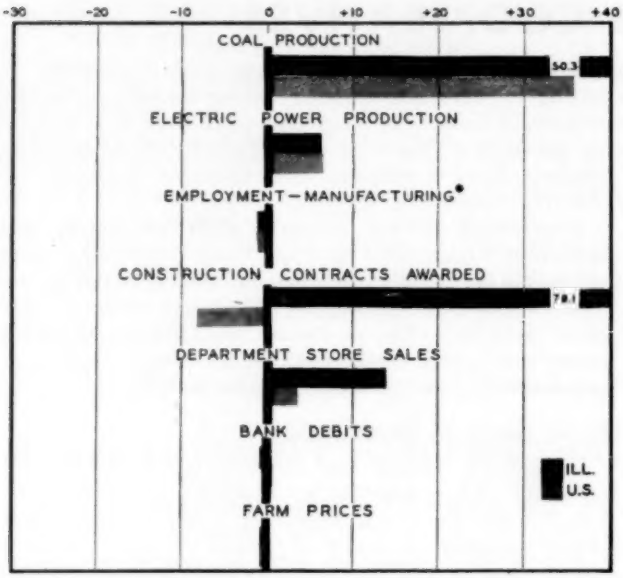
Although Illinois ranked only ninth in total revenue from Rural Electrification Administration systems in 1949, cooperative electricity has played an important part in supplying farms in the State with electric power.

Significant recent developments in the cooperative movement have occurred in the fields of housing, medical care, and frozen foods. This diversification of cooperative enterprises further illustrates the trend that has extended the cooperative idea far beyond its original marketing and purchasing operations.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes July, 1951, to August, 1951



* June, 1951, to July, 1951

ILLINOIS BUSINESS INDEXES

Item	August 1951 (1935-39 =100)	Percentage Change from July 1951	Percentage Change from August 1950
Electric power[1]	305.5	+ 6.0	+ 8.1
Coal production[2]	105.3	+50.3	−24.5
Employment—manufacturing[3]	n.a.	− 1.2[a]	+ 4.4[b]
Payrolls—manufacturing	n.a.	.....	.....
Dept. store sales in Chicago[4]	255.7[c]	+13.4	− 5.2
Consumer prices in Chicago[5]	190.9[d]	0.0	+ 5.9
Construction contracts awarded[6]	742.2	+79.1	+11.5
Bank debits[7]	332.0	− 0.6	+ 4.0
Farm prices[8]	275.5	+ 0.6	+12.9
Life insurance sales (ordinary)[9]	201.5	− 4.7	− 9.5
Petroleum production[10]	227.6	− 2.3	− 5.0

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.
[a] June to July, 1951. [b] July, 1950, to July, 1951. [c] Seasonally adjusted. [d] New series. Old series index for August was 191.9. n.a. Not available.

UNITED STATES MONTHLY INDEXES

Item	August 1951	Percentage Change from July 1951	Percentage Change from August 1950
	Annual rate in billion $		
Personal income[1]	254.4[a]	+ 0.8	+11.7
Manufacturing[1]			
Sales	272.4[a]	+ 5.1	− 0.4
Inventories	41.1[a, b]	+ 1.7	+38.4
New construction activity[1]			
Private residential	11.0	− 1.8	−30.4
Private nonresidential	11.3	+ 1.2	+23.0
Total public	11.2	+ 4.2	+28.9
Foreign trade[1]			
Merchandise exports	15.2	+ 6.2	+66.1
Merchandise imports	10.8	+ 0.7	+ 9.8
Excess of exports	4.4	+22.9	.....
Consumer credit outstanding[2]			
Total credit	19.3[b]	+ 0.9	+ 2.5
Installment credit	13.1[b]	+ 1.2	+ 0.4
Business loans[3]	19.5[b]	+ 2.0	+32.3
Cash farm income[3]	n.a.	.....	.....
	Indexes (1935-39 =100)		
Industrial production[3]			
Combined index	218[a]	+ 2.3	+ 4.3
Durable manufactures	269[a]	+ 1.1	+ 8.9
Nondurable manufactures	194[a]	+ 2.6	− 0.5
Minerals	165[a]	+ 5.8	+ 3.8
Manufacturing employment[4]			
Production workers	164	− 1.4	+ 1.8
Factory worker earnings[4]			
Average hours worked	108	+ 0.2	− 2.0
Average hourly earnings	268	0.0	+ 9.4
Average weekly earnings	289	+ 0.2	+ 7.3
Construction contracts awarded[5]	534	− 8.5	−18.5
Department store sales[3]	319[a]	+ 3.2	− 5.1
Consumers' price index[4]	186[c]	0.0	+ 7.0
Wholesale prices[4]			
All commodities	221	− 0.8	+ 7.0
Farm products	251	− 1.8	+ 7.3
Foods	237	+ 0.7	+ 7.3
Other	206	− 0.8	+ 7.6
Farm prices[3]			
Received by farmers	273	− 0.7	+ 9.4
Paid by farmers	226	0.0	+ 9.3
Parity ratio	104[d]	0.0	+ 1.0

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.
[a] Seasonally adjusted. [b] As of end of month. [c] New series 185.5; old series 185.6. [d] Based on official indexes, 1910-14 = 100.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1951					1950
	Sept. 29	Sept. 22	Sept. 15	Sept. 8	Sept. 1	Sept. 30
Production:						
Bituminous coal (daily avg.) ..... thous. of short tons	1,842	1,823	1,810	1,847	1,766	1,935
Electric power by utilities ..... mil. of kw-hr.	7,102	7,014	7,138	6,795	7,146	6,503
Motor vehicles (Wards) ..... number in thous.	107,306	128,541	129,489	97,547	131,240	178,644
Petroleum (daily avg.) ..... thous. bbl.	6,223	6,218	6,203	6,199	6,151	5,835
Steel ..... 1935-39 = 100	228.6	226.6	223.9	220.1	223.5	217.6
Freight carloadings ..... thous. of cars	865	864	851	733	829	880
Department store sales ..... 1935-39 = 100	327	320	329	289	303	320
Commodity prices, wholesale:						
All commodities ..... 1926 = 100	176.7	176.4	176.9	176.8	176.8	169.9
Other than farm products and foods .. 1926 = 100	165.1	165.4	165.7	165.7	165.9	160.4
28 commodities ..... August, 1939 = 100	329.0	325.6	324.9	324.0	322.8	322.5
Finance:						
Business loans ..... mil. of dol.	20,078	19,938	19,842	19,586	19,502	15,725
Failures, industrial and commercial ... number	154	160	164	116	164	148

Source: *Survey of Current Business, Weekly Supplements.*

RECENT ECONOMIC CHANGES

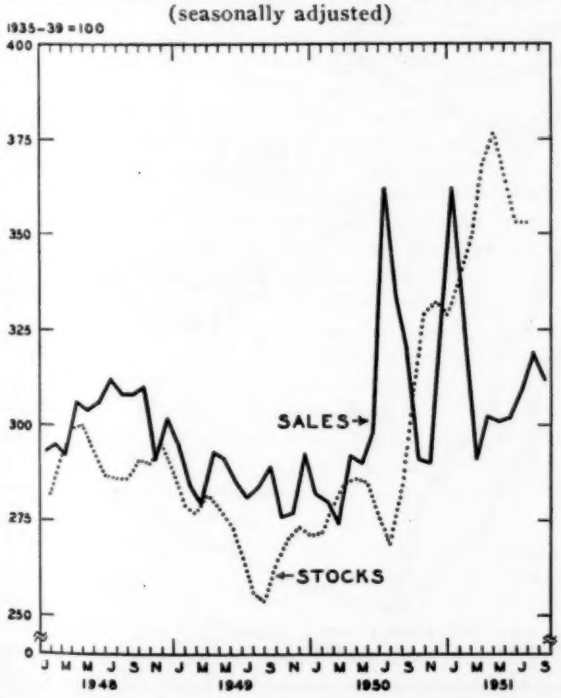
Production Continues Recovery

Industrial production during September rose slightly to 220 percent of the 1935-39 average, according to preliminary estimates made by the Federal Reserve Board. Steel output for the month averaged more than 2 million net tons of ingots and castings weekly, slightly over the industry's rated capacity. A barely noticeable slackening has taken place in steel production as furnaces have been taken out of operation for repairs. The automotive industry showed a further contraction in output when materials allocations began to run low at the end of the third quarter. With average weekly production of 115,000 cars and trucks, about 100,000 fewer vehicles were turned out in September than in August, with some producers closing down for a few days at the end of September. The fourth-quarter quota for automobiles has been set at 1.1 million, as compared with 1.2 million for the third quarter, but fourth-quarter output may be cut somewhat by a shortage of copper resulting from the copper workers' strike late in August.

Department Store Sales Off

Although dollar sales of department stores showed a substantial advance from August to September, seasonally adjusted sales were off from 319 to an estimated 312 (1935-39 = 100). In September, 1950, the index stood at 320. Despite a rise in sales beginning last March, stocks expanded until the end of April, when they reached a level considerably above even the two scare-buying peaks in sales (see accompanying chart). And although stocks have contracted more recently, inventories are still far higher than the level of sales would indicate as necessary. It is apparent that department stores have not yet worked off the inventories which began to accumulate earlier this year when consumer buying fell off.

DEPARTMENT STORE SALES AND STOCKS
(seasonally adjusted)



Source: Federal Reserve Board.

Total dollar retail sales for the month of August amounted to $12.1 billion, a 2.2 percent gain over July after seasonal adjustment. Durable goods, with an advance of 3.1 percent, showed more strength than nondurables, which rose 1.8 percent. Nearly all groups shared in the rise, with the automotive and housefurnishings groups leading.

Manufacturers' sales also increased during July, advancing 5 percent to $22.7 billion after seasonal adjustment. Durable goods showed the greater gain, 7 percent, with automotive products and machinery the most important factors. Part of the expansion in these two groups is attributable to increases in sales to the military. Nondurables were up by 3 percent on the strength of small changes in the various groups. Production during the month was sufficiently high so that inventories increased from $40.4 billion to $41.1 billion despite the greater sales. The entire rise occurred in durable goods, in which additions to working stocks accounted for a large proportion. Value of new orders, unadjusted for seasonal factors, was up by $1.6 billion to $22.6 billion, with orders for nondurables making up about 80 percent of the increase.

Seasonal Decline in Employment

Employment in September showed the usual autumn decline as school-age workers left their summer jobs and withdrew from the labor force. At 61,580,000 the number of workers on the job had fallen by a little more than one million. Unemployment rose only slightly. Most of the decrease in employment appeared in nonagricultural work, which dropped by nearly 900,000.

Bureau of Census data, in thousands of workers, are as follows:

	September 1951	*August 1951*	*September 1950*
Civilian labor force	63,186	64,208	63,567
Employment	61,580	62,630	61,226
Agricultural	7,526	7,688	7,811
Nonagricultural	54,054	54,942	53,415
Unemployment	1,606	1,578	2,341

Credit Resumes Rise

Bank loans to business, after remaining substantially level from March through July, rose by $378 million during August and $576 million during September to a total of $20.1 billion on September 26. The New York, Chicago, and San Francisco Federal Reserve districts accounted for 80 percent of the September advance. On September 27, 1950, business loans totaled $15.7 billion. In the two weeks ended September 19, nondefense loans accounted for $252 million, with sizable seasonal increases in loans to commodity dealers and to food, drink, and tobacco manufacturers.

Consumer credit also rose, by $171 million, during August after a slump in July. At $19.3 billion, credit outstanding was nearly $500 million higher than at the end of August, 1950. An increase of $155 million in installment credit to a total of $13.1 billion was the chief factor in the monthly rise. The most important advances occurred in automobile sale credit and installment loan credit. However, from the end of August, 1950, to the end of August, 1951, installment credit has accounted for a rise of only $51 million against an increase of $413 million in other forms of consumer credit: charge accounts, single-payment loans, and service credit.

(Continued on page 8)

IRAN AND OIL

Walter H. Voskuil, Professor of Mineral Economics

The intense interest, in this country, in the dispute between Great Britain and Iran over nationalization of the Anglo-Iranian oil industry arises out of a belief that what happens in this dispute vitally concerns the American people. This belief is well-founded. The oil-producing nations of the Persian Gulf area, of which Iran is the leading producer, have become an inseparable part of the economy of the Atlantic Basin nations.

The significance of Iran in the oil industry of the world can be evaluated only when its position in world oil industry and in that of the Persian Gulf countries is portrayed. The world's four large oil-producing districts, areas, or nations are: North America (59.6%); South America and the Caribbean (16.7%); the Middle East (18.9%); and the U.S.S.R. (8.7%). Among these, oil production in the U.S.S.R. and its satellites remains behind the Iron Curtain. The North American output is consumed entirely within its own area. Only the Middle East and the Caribbean are important contributors to the world's oil markets.

The two most important world oil markets are the East Coast of the United States and Europe. Whereas the United States is virtually self-sufficient in oil supplies, Europe is almost entirely dependent on imports to meet its oil requirements. In view of the demand-supply balance in the United States, there are only two outstanding sources of oil to meet the European demand — the Middle East and the Caribbean areas.

Middle East Oil Resources

The Middle East is composed of a group of nations and sheikdoms each of which contributes to the total oil flow. The area as a whole is a vast known supply of oil. Its reserves are estimated at 19.5 billion barrels, or 31 percent of the world total. Against this total reserve, production in 1950 was about 3 percent. To make Middle East oil available to the world markets in larger quantities calls only for additional pipe lines and tankers and increased refining capacity. Among the six political units producing oil, Iran contributes 38 percent, Saudi Arabia and Kuwait together contribute 52 percent, and the remaining 11 percent comes from Bahrein Island, Qatar, and Iraq.

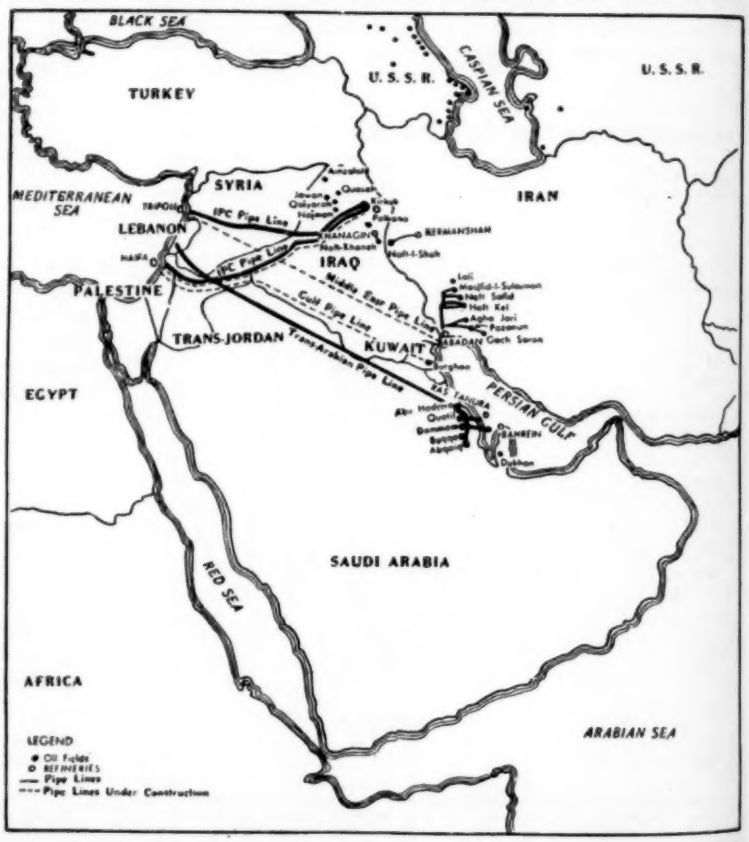
Except for Iran, which produced oil early in the century, petroleum production in Middle East nations and principalities is a recent development. Iraq began production in a small way in 1927 and passed 10 million barrels in 1935. The Bahrein Island field was opened in 1933. Saudi Arabia began production in 1936 and passed 10 million barrels in 1945. Kuwait was opened in 1946, and Qatar in 1949. Iran, until the cessation of production, supplied nearly 40 percent of Mid-Eastern output and 19 percent of the combined output of the Middle East and Venezuela. Although in terms of total world output this appears small, in terms of petroleum available in international trade it looms large to the consuming nations largely dependent upon this source of supply. The question of alternative sources, therefore, becomes of high interest.

The key to the availability of oil is the transportation system. From that viewpoint, two out of five areas within the Middle East are of interest as possible sources of oil to supply the deficits arising out of the stoppage of production in Iran.

Iraq, without a sea outlet, is limited in its output by two pipe lines from the Kirkuk field to the Mediterranean coast at Haifa and Tripoli. These two pipe lines have a capacity of 32 million barrels a year and are transporting up to the limit. As a result of adding two 16-mile pipe lines paralleling the original lines to Haifa and Tripoli, the output was increased to 49 million barrels in 1949. A 30-inch pipe line, from Kirkuk to Banias, north of Tripoli, projected for completion in 1952, will increase the annual capacity by 95 million barrels a year. Iraq will then assume an important role in the Middle East oil industry; in the immediate emergency it is of no avail.

The Sheikdom of Kuwait, at the head of the Persian Gulf, gives more immediate promise of meeting the mounting oil needs, as well as substituting for Iranian oil. The entire Sheikdom is under lease to the Kuwait Oil Company, owned by the Gulf Oil Corporation and the Anglo-Iranian Oil Company. The grant covers 6,000 square miles, within which one field near tidewater, the Burgan field, has been developed for oil production; 78 producing wells yielded 125,722,396 barrels in 1950, or a

MIDDLE EAST OIL FIELDS, REFINERIES, AND PIPE LINES



Source: *The Petroleum Engineer,* February, 1950.

daily average of 4,400 barrels. Proven reserves are believed to be in excess of 11 billion barrels, or about 13 percent of the world's known reserves of petroleum. Production in the field began in 1946 with a reported output of 5,931,000 barrels, which was increased to 125,000,000 barrels in 1950. Transportation is entirely by tanker. Production can, no doubt, be increased if additional tankers are available. A 34"-36" pipe line with 300,000 barrels per day capacity is projected.

Saudi Arabia, largest producing field in the Middle East since the closing down of the Iranian fields, is also capable of expansion. As in the case of Kuwait, Saudi Arabia is a recent addition to the oil-producing industry of the world. From a beginning of 20,000 barrels in 1937, output rose to 199,500,000 barrels in 1950, practically all which was carried by tanker. The Trans-Arabian pipe line, known as Tapline, was opened in December, 1950. This line is capable of carrying 315,000 barrels daily or 115 million barrels annually.

The primary purpose of this pipe line is, in effect, to move the oil fields of Saudi Arabia 3,500 miles nearer the European markets. The pattern of oil transportation was to be changed from an all-tanker haul around the Arabian Peninsula to a Tapline-tanker haul via Sidon terminus on the Palestinian coast. In view of the crisis in Iran, it may be necessary to increase Saudi-Arabian production in excess of Tapline carrying capacity to the extent of whatever tankers are available for the round-the-peninsula haul.

Although both Bahrein Island and Qatar are adjacent to tidewater, production is small in each of these fields. There is no evidence that their output can be expanded rapidly.

Background of the Present Crisis

For a half century Iranian crude has been controlled by the Anglo-Iranian Oil Company, in which the British Government holds 52 percent of the stock. In 1933 an agreement was reached with the Iranian Government granting the company a 60-year concession covering an area of 100,000 square miles. The agreement called for a payment of 4 shillings per ton (approximately 20-22 cents per barrel) plus additional payments per ton in lieu of taxes. This was later increased to 6 shillings plus the tax payments.

Late in 1948, the Iranian Government presented the Anglo-Iranian Oil Company with a 25-point memorandum outlining causes of dissatisfaction with the concession of 1933 and requesting renegotiation of terms. Iran regarded this as a matter of importance, since oil revenues constitute a very important source of government revenues. In February, 1949, a Company delegation came to Tehran for discussion with an Iranian Government Commission under chairmanship of the Minister of Finance, Mr. Golshayan. Proposals and counter-proposals were exchanged and rejected. The British delegation returned to London and a second delegation came and went. Finally, in early July a representative of AIOC again arrived, and on the 17th of that month an Agreement amending the terms of the Oil Concession was signed by AIOC and by the Iranian Government.

Under this Agreement Iran's royalty and tax revenues would have been substantially increased, annual payments would have been made from Iran's share in the Company's general reserves, a minimum yearly dividend and general reserves payment would have been fixed, and a lump sum for accrued reserves and retroactive provisions in the contract would have been paid within 30 days from the date of the agreement. Based on 1948 production of oil, Iran would have received about twice what she was paid under the old concession, roughly £18,000,000 as against £9,000,000, and in addition would have received a lump sum of over £18,000,000. Despite such concrete gains the agreement failed of ratification when presented to the Majlis. The local feeling was strong that even these terms were not sufficiently advantageous for Iran.

In discussing the grievances of the Iranian Government as expressed in the memorandum of 1949 and in subsequent negotiations, two claims by the Government were of particular significance as part of the dissatisfaction of the Iranians. The first had to do with the manner of collecting the British income tax. As explained by R. E. Knowles (*World Petroleum*, July, 1951),

> . . . . when the 1933 concession was signed, the total British income tax paid by the company was only £305,000 and the amount paid to the Iranian government "in lieu of taxes" was £274,000, which practically compensated the government for the British taxes collected. In 1947, on the other hand, the company paid British income tax amounting to £15,000,000, which was "offset" by only £765,000 paid Iran "in lieu of taxes." The Iranian government has estimated that approximately £12,000,000 is due her by way of settlement for British income tax unjustifiably collected. In the Persian view this unilateral British decision to apply a greatly increased income tax to the earnings of the Company completely destroyed the presumed equitability of the original understanding with the government.

Another major claim was based on the assertion that the company sold certain oil products to the British government in large quantities at a price below the usual market price. While the actual figure is not disclosed it has been stated that this price was very far below the market price, thus benefiting the British government at Iran's expense. The Iranian government believes that appropriate compensation to Persia should be made for oil products thus sold.

The inability of the AIOC and the Iranian Government to arrive at a firm agreement mutually satisfactory was partly the result of misunderstanding and distrust of the good intentions of both sides. For example, the Company wished to have an agreement for increased royalties coupled with a waiver of pact claims. To allow these claims to remain unadjusted would leave a clouded title to the concession which, the British feared, would be subject to attack by succeeding governments. The Iranians regarded this as an attempt to "force Iran to its knees" because of its desperate need for immediate cash. Furthermore, there exists a deep distrust on the part of the British of the security of an agreement with any Iranian agency, the chief reason being the frequent changes in government. It was in this atmosphere of distrust and growing antagonisms that relations between the two parties continued to deteriorate until the operation of oil fields and the great refinery at Abadan have come to a standstill; the British have been ousted from the refinery and the adjoining residences, and Great Britain has laid the case before the Security Council of the United Nations.

Importance in World Politics

Over the course of events which has brought the Iranian oil situation to its present impasse lies the shadow of possible Soviet intervention.

Soviet interests in the oil of the Middle East are twofold: to stop the flow of this oil to the Western powers in the event of war, and to supplement her own supply with Middle East oil. The first objective may conceivably be accomplished without overt intervention on the part of the Soviets. An intransigent attitude on the part of the present Iranian administration toward the

British in the current dispute would result in a prolonged stoppage of oil production and refining, accompanied by a financial crisis for the Iranian Government. Political disturbances would follow which would effectively bar a resumption of operations. As matters stand now, production under the most favorable circumstances cannot be resumed until 1952.

The second objective, that of annexing Iranian oil production to the Soviet economy, is more difficult. This would mean, to be effective, complete control of the producing field by Russian oil operators, a means of transporting the oil out of the area, and refinery capacity within the Soviet zone to process the crude.

Transportation of the oil northward to the Caspian Sea by rail or pipe line may be ruled out. The only through railroad in Iran is the Trans-Iranian connecting the Persian Gulf with the Caspian Sea via Tehran. To handle present oil output would require 2,500 tank cars daily, for which the tractive power, tank cars, yardage facilities, or unloading terminals do not exist. The construction of a pipe line to the south shore of the Caspian Sea would involve 500 miles of construction over two mountain ranges ranging from elevations of 8,000 to 12,000 feet. A thirty-inch pipe line over this route would carry only half of Iran's output. Even then the oil would be far from the Soviet's industrial centers, and further transportation facilities consisting of tankers, pipe lines, and tank cars within the Soviet would need to be constructed.

The only other alternative would be the seizure of existing pipe lines in Iraq and Saudi Arabia to the Mediterranean coast. This would involve control of the eastern Mediterranean, requiring the conquest of Turkey, and possibly of Greece, and the expulsion of Western naval and air power from the eastern Mediterranean. Even then, pipe line control without tankers to carry the oil to the Black Sea by way of the Bosporus would still mean no Middle East oil for the Russians.

In short, any extensive use of Iranian oil by Russia, whether in peace or in war, is essentially a long-range undertaking. In war, of course, we should do everything possible to prevent a transport system from operating; and our present efforts are aimed at achieving a settlement that will keep Iranian oil in the orbit of the West even in a peaceful future. The inability of the Iranians to divert the oil in the near future and their need for commodities to be obtained only through international sale of the oil hold some prospect that such a settlement may be effected.

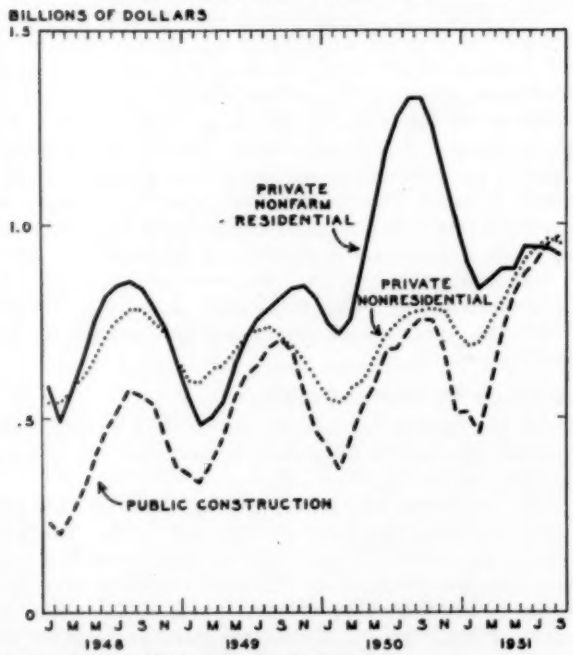
Recent Economic Changes

(Continued from page 5)

Construction Drops Slightly

There was a 1 percent drop in the value of new construction put in place during September from the August level. Materials shortages and government restrictions were cited as the causes. At $2.8 billion, building activity was also about 1 percent below the September, 1950, level. At this time, however, movements of component groups are of more interest than the changes in the total. As shown in the accompanying chart, the value of private nonfarm residential construction failed by a substantial margin even to approach the 1950 peak, reaching a 1951 high of $939 million during June, and then sliding off to $915 million during September, 30.8 percent below last September's high level. Building restrictions are, of course, mainly directed at residential housing, in order to allow materials for more urgently needed construction. Private nonresidential building, which includes industrial, commercial, and public utilities construction, has climbed considerably over last year's level, totaling $945 million during September. In contrast to both components of private construction, which declined slightly during September, public construction continued the climb which began last March. The "military and naval" category has showed the largest rise in recent months, both dollarwise and percentagewise.

VALUE OF NEW CONSTRUCTION



Source: U. S. Department of Commerce.

Capital Expenditures Remain High

Plant and equipment expenditures for the fourth quarter, estimated at $6.6 billion, represent a slight increase over the third quarter after adjustment is made for seasonal factors. According to the most recent joint survey by the Securities and Exchange Commission and the Department of Commerce, the fourth-quarter estimates reflect a slowing of the quarterly rate of increase, brought about chiefly by lowered allocations of essential materials and direct controls on construction. Because of a greater emphasis on facilities expansion, plant construction expenditures are expected to account for a larger share of the total. Of the total, $3.6 billion was to be spent by manufacturing industries.

For the full year, capital spending is estimated at $24.8 billion, substantially above the $18.6 billion spent last year and the $19.2 billion outlay of 1948, the previous record year. Such a total indicates that physical volume will be about 16 percent over 1948 and about 25 percent above last year. The year 1951 is expected to set a record for all groups listed in the survey, but commercial and miscellaneous enterprises are beginning to feel the restrictions on their building. Such companies showed a substantial decline in estimated expenditures during the second half of the year, whereas manufacturing industries, transportation, electric and gas utilities, and mining companies showed large advances.

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Grain Supplies

The September issue of the *Agricultural Situation* contains a summary of estimates for grain crops in 1951-52. Supplies of food grains available in the 1951-52 marketing year and expected in 1952-53 are described as adequate to meet all anticipated demands. In the case of wheat, reserves are expected to increase by July 1, 1953. The 1951 corn crop was estimated in August at about 3.2 billion bushels, 2 percent larger than the 1950 crop and 8 percent above the 1940-49 average. In the Corn Belt production was up 6 percent. Smaller crops of other feed grains are in prospect, and while feed supplies appear adequate, further expansion in livestock production probably will make it necessary to draw on our reserve feed grain stocks. Indications are that larger crops will be in order next year.

Manufacturing in 1949

A series of reports on *1949 Manufacturing Activity by Geographic Divisions and Major Industry Groups* is now available without charge from either the Chicago or the Milwaukee office of the United States Department of Commerce. The report reveals that Illinois ranked first and Ohio second among the five East North Central States in terms of value added by manufacture in 1949.

Plastic Substitute for Metal

Production of a plastic material which has the appearance of metal and a mirror-like finish has been announced by Coating Products, Inc. (136 West 21st Street, New York, N.Y.). Designed for use by companies that utilize metal for decorative purposes but find that restrictions are cutting their supply, the material has already been used by a radio set manufacturer who substituted a gold metallic acetate for metal on radio cabinets. The acetate is laminated to board to give the appearance of the original metal part it replaced. Since the original part had no functional role other than being decorative, the effect is said to be the same as when a critical material is used.

Retailer's Short Cut

The average retailer hasn't the time to visit other stores and observe their selling practices, but *3033 Retailing Ideas* by Emanuel Lyon ($3.95, published by E. Lyon, Pittston, N. J.) does it for him. Explaining that it takes imagination to stimulate consumer demand, the book describes advertising, sales, and promotion ideas for every kind of retail business.

Transformer Cooling Technique

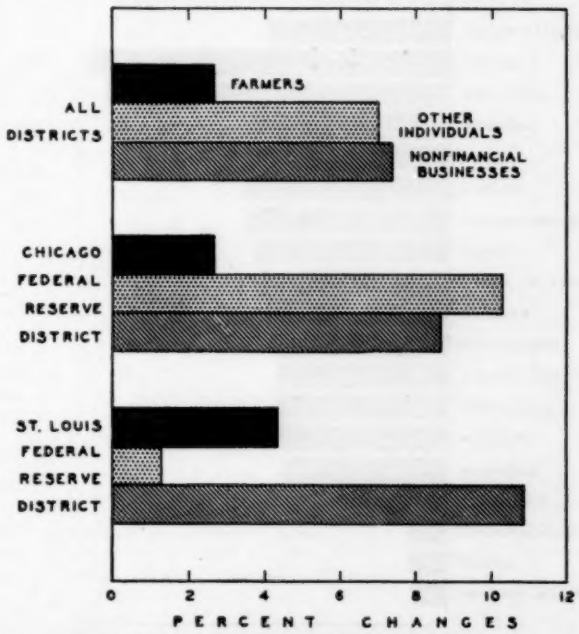
A new Westinghouse cooling device has been announced that raises transformer output substantially. More power from electric transformers considerably lighter in weight is in prospect as a result of advances made public recently by the Westinghouse Electric Corporation. The limit on how much power a transformer can handle has been controlled to a large extent by the heat the unit generates in operation. The Westinghouse experimental unit delivers some 350 percent more power than normal capacity because it employs vaporization cooling that dissipates ten times more heat. The system cools the inner workings of big transformers by using a jet spray of synthetic liquid fluorocarbons. When the liquid vaporizes, it carries away the heat of the transformer. The vapors circulate to the cooling surfaces of the transformer tank, where they condense and release the heat and flow back to start the process over again. Previously such cooling has been achieved by immersing the core and coils in a bath of oil or by a flow of air past the coils. The new development is said to be the first basic change in transformer cooling since 1887.

Demand Deposits

The May supplement of the *Agricultural Finance Review,* published by the United States Department of Agriculture, contains an article comparing farmer-owned demand deposits with those of other depositors in the Federal Reserve districts. As shown by the chart, demand deposits owned by farmers in the United States as a whole increased by only 2.7 percent during the year ended January 31, 1951, as compared with increases of 7.0 percent and 7.4 percent in the deposits of other individuals and nonfinancial businesses. The same situation was found in Chicago and St. Louis, with the exception of the change in deposits of other individuals in St. Louis, which showed the lowest increase for this class of depositors in the twelve Federal Reserve districts.

The increase in farmer-owned demand deposits during 1950 reversed a trend of the preceding two years. Such deposits decreased 3.9 percent during the year ended January 31, 1950, whereas those of other individuals and nonfinancial businesses increased. All three classes of deposits showed decreases during the year ended January 31, 1949, with farm deposits declining 5.3 percent while those of other individuals fell 2.7 percent and business accounts dropped only 1 percent.

INCREASES IN DEMAND DEPOSITS IN INSURED COMMERCIAL BANKS



Source: *Federal Reserve Bulletin,* May, 1951.

LOCAL ILLINOIS DEVELOPMENTS

The chief indicators of industrial activity for the State show increases for the month of August. Electric power production rose by 6 percent, coal production by 50 percent, and the value of construction contract awards by 79 percent. Steel producers in the Chicago area operated at 102.2 percent of rated capacity, turning out an estimated 1,868,000 net tons of steel, or about one-fifth the total produced in the nation during August.

Retail Sales Lower

Estimated retail sales for 20 Illinois cities dropped during July from $508 million to $455 million, a decrease of 10.4 percent. Sizable declines over the month occurred in most of the cities, with the 11.4 percent drop in Chicago sales by far the most important. Much of the decline may be attributed to seasonal influences, as retail sales customarily drop off sometime during the summer months.

A year-to-year comparison of sales during the first seven months of 1950 and 1951 shows that retail selling activity this year exceeded that of last year by a substantial margin. As shown in the accompanying chart, estimated sales from January through July, 1951, were 9.7 percent over the corresponding period of 1950, representing a rise from $3.2 billion to $3.5 billion in dollar sales. Sales in Chicago, which account for the greater portion of the total, rose in dollar value from $2.3 billion to $2.6 billion, a 9.5 percent increase. All 20 cities included in the total showed gains, ranging from 19.0 percent for Alton to 3.7 percent for Champaign-Urbana. A look at the chart shows that four of the larger industrial centers of the State — Rockford, Joliet, Peoria, and Rock Island-Moline — had above-average advances. Sales increases in the majority of the smaller downstate shopping centers were lower than average.

RETAIL SALES IN 20 ILLINOIS CITIES

Percentage increase Jan.-July, 1950 to Jan.-July, 1951

Source: Illinois Department of Revenue.

Construction Up Sharply

Construction contracts awarded in the State during August showed a sharp rise, according to F. W. Dodge reports. At more than $123 million, awards had advanced nearly 80 percent over the July level, and were 11.5 percent over August, 1950. From July to August, nonresidential building was marked by a 147 percent increase, which chiefly reflected a 234 percent advance in contracts for commercial buildings and a 202 percent increase in manufacturing construction. Awards for residential building had risen by 58 percent, and public works and public utilities by 26 percent.

For the first eight months of 1951, awards totaled $678 million, 4.1 percent over the corresponding period of 1950. A 6.2 percent increase in nonresidential building more than offset a 3.6 percent decline in residential construction.

Valuations of building permits issued, obtained from other sources, indicate that 12 of the 18 Illinois localities for which data are available had increases in building over the July level. Six communities even showed increases over August, 1950.

Mixed Price Movements

Prices in the State remained substantially level from July 15 to August 15 with some small declines. Consumer prices in Chicago were unchanged at 190.9 (1935-39 = 100). Decreases in housefurnishings and food prices were just offset by increased prices for miscellaneous goods and services. Food prices declined in all three of the Illinois cities reported by the Bureau of Labor Statistics: Chicago, by 0.8 percent; Peoria, by 1.2 percent; and Springfield, by 0.3 percent. Seasonal declines in fresh fruit and vegetable prices and lower prices for fats and oils were important factors in each case.

Prices received by Illinois farmers advanced slightly during the month ended August 15 from 305 to 307 (1910-14 = 100). Most of the component groups showed sizable increases, the largest occurring in fruits. Prices paid remained unchanged; in consequence the parity ratio rose from 108 to 109.

Labor Difficulties

A number of labor disputes cropped up during August and September, chief among which was that at Caterpillar in Peoria. The strike of 22,000 workers over pay issues, which began July 29, was finally settled two months later. The new agreement calls for an hourly increase of 13.5 cents, a compromise between the 10 cents offered and the 19 cents demanded. Much shorter labor disputes also hit two other machinery manufacturers: Allis-Chalmers at Springfield, and the Farmall division of International Harvester at Rock Island. Jurisdictional disputes continue to hamper work on the Joppa power plant. Other work stoppages occurred at factories in Kankakee and Fairfield.

Nonagricultural employment during the mid-August survey period was down by about 3,000 from the July level to 1,195,800. However, the drop was caused by counting striking Caterpillar workers at Peoria as unemployed and does not indicate a real decline. Total nonagricultural employment was 3,216,900, 2.1 percent over August, 1950. In contrast to the 22,000 drop in the number of workers in nonelectrical machinery manufacturing, employment in most other manufacturing industries rose slightly.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

August, 1951

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	**$27,337**[a]	**800,446**[a]	**$455,024**[a]		**$10,351**[a]	**$10,796**[a]
Percentage Change from July, 1951	*+41.3*	*−0.7*	*−10.4*	*+19.3*	*−0.6*	*+10.0*
Percentage Change from Aug., 1950	*−33.5*	*+1.9*	*−2.8*	*−5.8*	*+4.0*	*+3.6*
NORTHERN ILLINOIS						
Chicago	**$18,794**	**633,000**	**$330,497**		**$9,372**	**$9,462**
Percentage Change from July, 1951	*+64.0*	*+0.8*	*−11.4*	n.a.	*−1.1*	*+18.4*
Percentage Change from Aug., 1950	*−38.2*	*+2.4*	*−2.4*		*+3.8*	*+3.5*
Aurora	**$ 735**	n.a.	**$6,435**		**$ 41**	**$ 77**
Percentage Change from July, 1951	*+50.3*		*−11.0*	*+16.9*	*+8.6*	*+5.9*
Percentage Change from Aug., 1950	*+49.7*		*−2.3*	*−6.4*	*+6.4*	*−3.8*
Elgin	**$ 285**	n.a.	**$4,630**		**$ 27**	**$ 80**
Percentage Change from July, 1951	*+18.2*		*−10.0*	*+36.9*	*+6.4*	*+70.7*
Percentage Change from Aug., 1950	*−77.4*		*−4.8*	*+10.1*	*+6.8*	*+8.4*
Joliet	**$1,058**	n.a.	**$8,740**		**$ 49**	**$ 65**
Percentage Change from July, 1951	*+190.6*		*−8.3*	*+7.7*	*+6.9*	*+32.2*
Percentage Change from Aug., 1950	*+216.8*		*+2.1*	*−4.7*	*+13.9*	*+33.6*
Kankakee	**$ 264**	n.a.	**$4,154**		n.a.	**$ 28**
Percentage Change from July, 1951	*+85.9*		*−8.4*	*+25.3*		*+1.4*
Percentage Change from Aug., 1950	*+164.0*		*−8.4*	*−6.0*		*−2.6*
Rock Island-Moline	**$ 817**	**17,483**	**$8,865**		**$ 34**[b]	**$ 126**
Percentage Change from July, 1951	*−75.7*	*+5.8*	*−7.6*	n.a.	*+1.9*	*+13.3*
Percentage Change from Aug., 1950	*−20.5*	*+18.0*	*−1.0*		*+11.4*	*−4.1*
Rockford	**$ 683**	**24,220**	**$14,206**		**$ 125**	**$ 148**
Percentage Change from July, 1951	*−4.2*	*+10.8*	*−10.5*	*+19.2*	*+3.2*	*+15.2*
Percentage Change from Aug., 1950	*−30.0*	*+6.8*	*+1.3*	*−3.6*	*+16.0*	*+8.9*
CENTRAL ILLINOIS						
Bloomington	n.a.	**4,990**	**$4,600**		**$ 46**	**$ 89**
Percentage Change from July, 1951		*−4.7*	*−10.2*	n.a.	*−4.2*	*+30.4*
Percentage Change from Aug., 1950		*+7.3*	*−11.8*		*+1.9*	*+26.0*
Champaign-Urbana	**$ 449**	**6,345**	**$6,053**		**$ 48**	**$ 64**
Percentage Change from July, 1951	*+148.1*	*−8.9*	*−15.0*	n.a.	*+0.1*	*+22.1*
Percentage Change from Aug., 1950	*−42.4*	*+2.2*	*−11.3*		*+2.3*	*+7.4*
Danville	**$ 136**	**7,480**	**$5,289**		**$ 41**	**$ 44**
Percentage Change from July, 1951	*−22.7*	*+9.0*	*−10.1*	*+29.9*	*+7.5*	*−4.1*
Percentage Change from Aug., 1950	*−48.5*	*+2.8*	*−7.0*	*−4.2*	*+7.5*	*−7.2*
Decatur	**$1,087**	**17,052**	**$8,468**		**$ 76**	**$ 83**
Percentage Change from July, 1951	*+341.9*	*−9.7*	*−5.6*	*+14.4*	*+8.6*	*+6.8*
Percentage Change from Aug., 1950	*−37.4*	*+1.0*	*−5.7*	*−8.3*	*−4.5*	*+10.9*
Galesburg	**$ 302**	**5,349**	**$3,602**		n.a.	**$ 27**
Percentage Change from July, 1951	*+134.1*	*+0.5*	*−10.2*	n.a.		*−4.2*
Percentage Change from Aug., 1950	*−22.8*	*+11.0*	*−7.1*			*+8.3*
Peoria	**$1,132**	**26,233**[c]	**$16,076**		**$ 200**	**$ 155**
Percentage Change from July, 1951	*+40.8*	*−38.4*	*−5.9*	*+16.4*	*+0.0*	*−8.4*
Percentage Change from Aug., 1950	*−39.2*	*−31.9*	*−3.0*	*−10.7*	*−3.8*	*−6.2*
Quincy	**$ 230**	**7,319**	**$4,360**		**$ 33**	**$ 69**
Percentage Change from July, 1951	*+7.5*	*+10.9*	*−6.2*	*+26.0*	*+6.3*	*+31.3*
Percentage Change from Aug., 1950	*+19.2*	*+13.4*	*−8.9*	*−10.0*	*+4.5*	*−3.2*
Springfield	**$ 445**	**22,774**[c]	**$12,494**		**$ 84**	**$ 169**
Percentage Change from July, 1951	*+66.7*	*+3.6*	*−1.9*	*+12.0*	*+5.0*	*+1.5*
Percentage Change from Aug., 1950	*+39.9*	*+12.5*	*−3.8*	*−2.4*	*+5.7*	*−1.1*
SOUTHERN ILLINOIS						
East St. Louis	**$ 207**	**12,352**	**$8,486**		**$ 146**	**$ 47**
Percentage Change from July, 1951	n.a.	*+14.1*	*−3.8*	n.a.	*+17.6*	*+15.3*
Percentage Change from Aug., 1950	*−30.5*	*+29.1*	*−0.8*		*+15.0*	*+2.5*
Alton	**$ 134**	**11,022**	**$4,137**		**$ 29**	**$ 24**
Percentage Change from July, 1951	*−37.1*	*+4.4*	*−6.4*	n.a.	*+3.8*	*+27.3*
Percentage Change from Aug., 1950	*−66.0*	*+2.1*	*−6.6*		*+13.6*	*+16.4*
Belleville	**$ 582**	**4,826**	**$39,322**		n.a.	**$ 37**
Percentage Change from July, 1951	*+487.9*	*+13.0*	*−1.3*	n.a.		*+15.6*
Percentage Change from Aug., 1950	*+175.8*	*+11.8*	*−0.8*			*+10.7*

Sources: [1] U. S. Bureau of Labor Statistics. Data include Federal construction projects. [2] Local power companies. [3] Illinois Department of Revenue. Data are for July, 1951, the most recent available. Comparisons relate to June, 1951. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. [5] Local post office reports.

[a] Total for cities listed.

[b] Moline only.

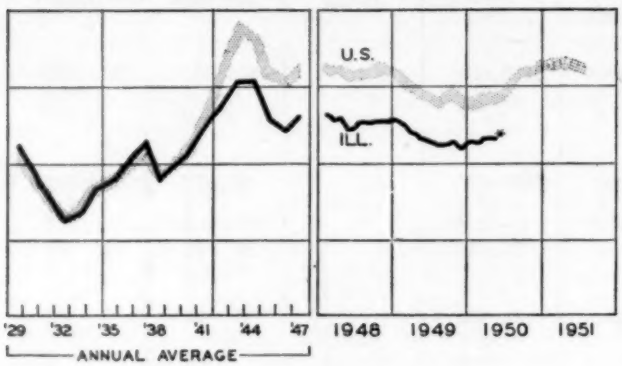
[c] Includes immediately surrounding territory.

n.a. Not available.

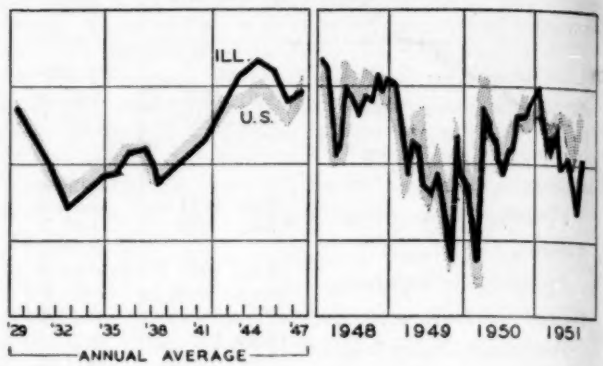
INDEXES OF BUSINESS ACTIVITY

1935-1939 = 100

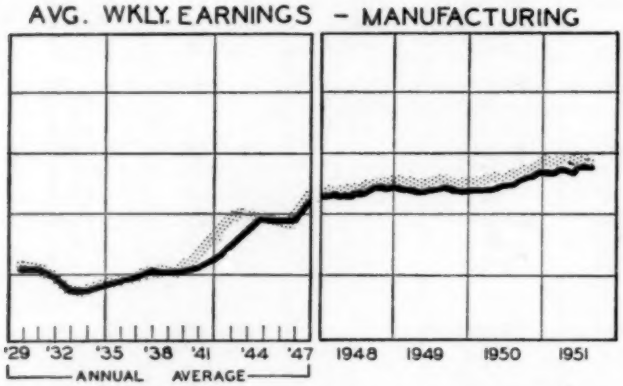
EMPLOYMENT–MANUFACTURING



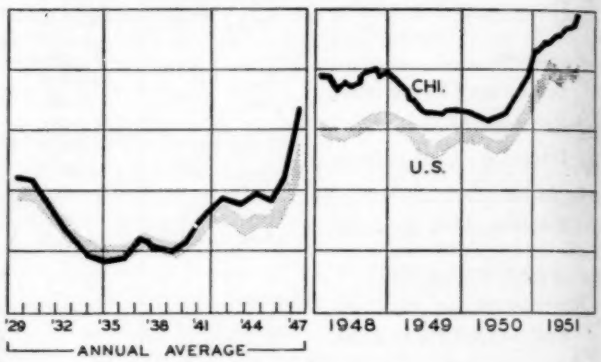
COAL PRODUCTION



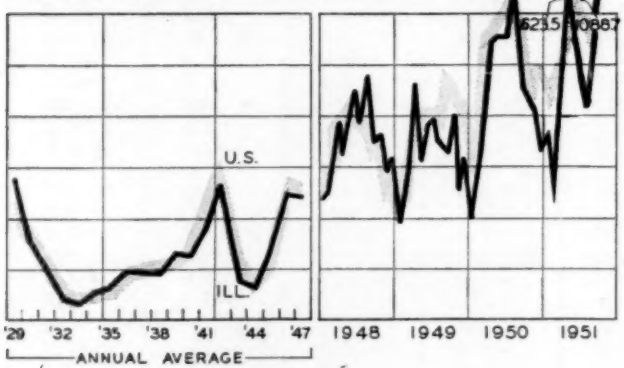
AVG. WKLY. EARNINGS – MANUFACTURING



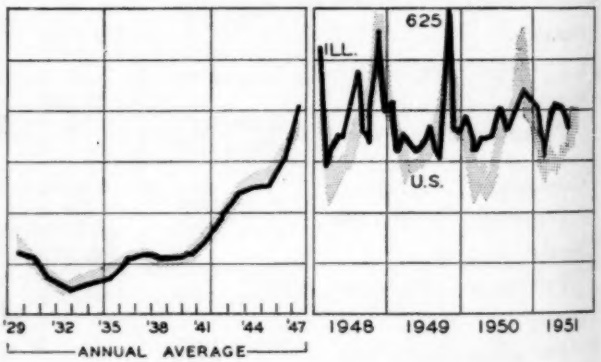
BUSINESS LOANS



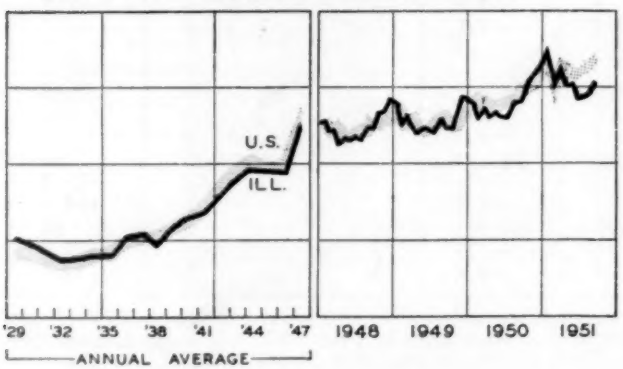
CONSTRUCTION CONTRACTS AWARDED



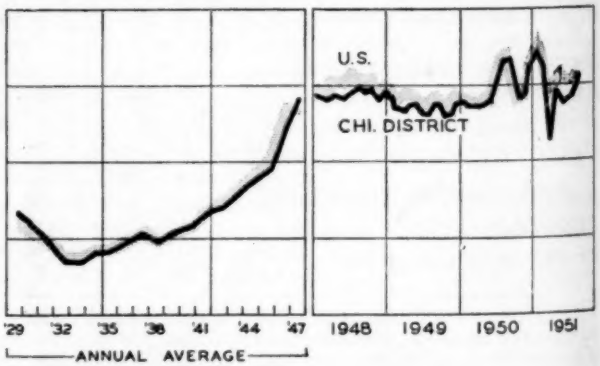
CASH FARM INCOME



ELECTRIC POWER PRODUCTION



DEPARTMENT STORE SALES



* Illinois figures being revised.